

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2619
ANSWERED ON:17.03.2006
SHARE OF MNCS
Manvendra Singh Shri

Will the Minister of FINANCE be pleased to state:

- (a) whether Government have allowed Multinational Companies (MNCs) to increase their share capital in the Indian companies promoted by them;
- (b) if so, the terms and conditions fixed in this regard and the procedure/norms adopted for determining price of excess shares;
- (c) whether the price of shares so determined are less than the market price;
- (d) if so, the reasons therefor; and
- (e) the action being taken/likely to be taken by the Government in this regard?

Answer

Minister of State in the Ministry of Finance (Pawan Kumar Bansal)

(a) to (e) : Government has put in place a liberal policy and most of the sectors have been placed under automatic route, except a small negative list. However, FDI policy is reviewed on a continuous basis to create an enabling policy environment to attract investment. Transfer of shares from resident to Non-resident is also put under automatic route subject to sectoral caps. There is no bar on Multi National Companies (MNCs) to increase their share capital in the Indian companies. The price of shares of listed companies are determined as per the RBI/SEBI guidelines and in all other cases as per the RBI regulation in accordance with the guidelines issued by the erstwhile Controller of Capital Issues.